

**Municipal Fire and Police  
Retirement System of Iowa**

**Actuarial Valuation Report**

**July 1, 2007**

October 12, 2007

**PERSONAL AND CONFIDENTIAL**

Board of Trustees  
Municipal Fire & Police Retirement System of Iowa  
7155 Lake Drive, Suite 201  
West Des Moines, IA 50266

RE: July 1, 2007 Actuarial Report

Dear Board Members:

We are pleased to submit this actuarial report of the Municipal Fire and Police Retirement System of Iowa. The costs developed and presented in this report are based on asset values as of June 30, 2007, member census data as of July 1, 2007, and current System provisions, all of which were supplied by the Municipal Fire & Police Retirement System of Iowa.

The purposes of the actuarial report are:

1. To determine the normal contribution rate which is payable by the Cities under Chapter 411 of the Code of Iowa;
2. To determine the funded status of the System; and
3. To provide information relating to the disclosure requirements of the Governmental Accounting Standards Board (GASB) Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans.

All costs and liabilities were determined in accordance with generally accepted actuarial principles and procedures. To the best of our knowledge, the information supplied in this report is complete and accurate and in my opinion the assumptions are reasonably related to the experience of the System and to reasonable expectations under the System. The amounts presented in the accompanying report have been determined appropriately according to the actuarial assumptions and methods stated herein, and fully and fairly disclose the actuarial position of the System.

Sincerely,

Donn B. Jones, FSA  
Principal  
Member of American Academy  
of Actuaries  
Enrolled Actuary No. 05-2717

Glen C. Gahan, FSA  
Principal  
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Enclosure

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## Report Highlights

This section compares results of the current and prior two actuarial valuations. Additional supporting detail is available in other sections of the report. The Table of Contents on the prior page identifies the location of the supporting detail.

	<u>2005</u>	<u>As of July 1</u> <u>2006</u>	<u>2007</u>
<b>Cities Recommended Contribution</b>	\$ 54,429,700	\$ 52,586,919	\$ 39,944,873
<b>Normal Contribution Rate</b>	27.75%	25.48%	18.75%
<b>Plan Assets</b>			
Market Value	1,469,753,955	1,658,428,273	1,953,613,434
Actuarial Value	1,367,204,133	1,528,572,608	1,752,134,783
<b>Investment Return</b>			
Market Value	12.2%	13.7%	18.9%
Actuarial Value	8.7%	12.7%	15.8%
<b>Actuarial Present Value of Accrued Benefits</b>			
Total Accrued Benefits	1,600,631,755	1,717,562,019	1,825,902,983
– Security Ratio	92%	97%	107%
Vested Accrued Benefits	1,562,490,808	1,682,681,228	1,795,474,533
– Security Ratio	94%	99%	109%
<b>Annual Participating Payroll</b>	196,143,062	206,385,084	213,039,324
<b>Annual Pension Benefits</b>			
Service Retirement	42,694,212	45,695,400	49,204,956
Disabled Retirement	28,284,312	29,826,660	31,603,116
Vested Retirement	2,152,848	2,526,216	2,815,404
Beneficiaries	11,719,068	12,437,232	13,163,784
Total	\$ 84,850,440	\$ 90,485,508	\$ 96,787,260
<b>Number of Members</b>			
Active	3,786	3,816	3,847
Disabled	1,037	1,052	1,068
Retirees & Beneficiaries	2,424	2,479	2,532
Vested Terminated	276	286	293
Total	7,523	7,633	7,740

## Comments on the Valuation

### Cities Recommended Contribution

The recommended contributions for the Retirement System are determined using the Aggregate actuarial cost method as required by Chapter 411 of the Code of Iowa. The same method has been used in prior years to determine the contribution for the Retirement System.

We recommend a contribution of \$39,944,873 be made for the 2007 plan year. This is equal to a contribution rate of 18.75% of payroll. This rate assumes that the State of Iowa will contribute approximately \$2,745,784 for the 2007 plan year.

The Retirement System's normal contribution rate decreased from 25.48% for 2006 to 18.75% for 2007. The Retirement System's contribution rate before any adjustment to the minimum contribution rate changed as follows:

July 1, 2006 normal contribution rate	25.48%
• Increase in contribution rate due to fixed State contribution	0.04%
• Plan experience more favorable than assumed	(1.10%)
• Investment experience more favorable than assumed	(5.76%)
• Changes in System provisions	(0.53%)
• Changes in actuarial assumptions	<u>0.62%</u>
Preliminary normal contribution rate	18.75%
• Increase necessary to meet minimum contribution rate	0.00%
July 1, 2007 normal contribution rate	18.75%

### Actuarial Present Value of Accrued Benefits

The value of plan assets, the present value of vested accrued benefits, and the present value of accrued benefits are displayed and compared in this section of the report. Plan assets are valued at market value. The present value of vested accrued and accrued benefits is based on actuarial assumptions that anticipate the System will continue. Summarizing from this section of the report:

	<b><u>Values as of July 1, 2007</u></b>	<b><u>2005</u></b>	<b><u>Funded Ratio 2006</u></b>	<b><u>2007</u></b>
Market Value of Plan Assets	\$1,953,613,434	--	--	--
Actuarial Present Value:				
Accrued Benefits	1,825,902,983	92%	97%	107%
Vested Accrued Benefits	1,795,474,533	94%	99%	109%
Interest Rate		7.5%	7.5%	7.5%

## **Changes in System Provisions**

All System provisions remained unchanged from the prior valuation except a deferred retirement option program, or DROP, has been reflected in the valuation. The DROP provisions allow an active member to have a portion of their Chapter 411 benefit credited to a DROP account payable to them once the member completes a specified period of participation. More details on the DROP can be found in the Summary of System Provisions section of the report.

## **Changes in Actuarial Assumptions**

Beginning with the July 1, 1999 actuarial valuation, mortality improvements represented by published mortality tables will be phased in over the next several years. The phase-in period of the 1994 Group Annuity Mortality Table should range from 6 to 20 years measured from 1999. The July 1, 2007 actuarial valuation reflects one additional step in a plan to complete the phase-in of the 1994 Group Annuity Mortality Table based on the Mortality Table Assumption Policy described below. All other actuarial assumptions remained unchanged from the prior valuation except for the introduction of certain assumptions related to the DROP implementation as described further in the Summary of Actuarial Assumptions section of the report.

## **Mortality Table Assumption Policy**

Effective October 5, 2006, it is the policy of the Board of Trustees to annually determine whether or not to take additional mortality table phase-in steps.

## **Government Accounting Standards Board Disclosure**

Measurements used to evaluate the funded status of the system are based on procedures set forth by GASB (Government Accounting Standards Board). In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, GASB has issued Statement No. 25—Financial Reporting for Defined Benefit Pension Plans.

GASB Statement No. 25 establishes a financial reporting framework for defined benefit plans. In addition to two required statements regarding plan assets, the statement requires two schedules, the Schedule of Funding Progress and Schedule of Employer Contributions, and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress is not required for systems which use the Aggregate Method to determine the Annual Required Contribution (ARC). Since the Retirement System uses the Aggregate Method to determine the ARC, this schedule has not been developed.
- The Schedule of Employer Contributions provides historical information about the Annual Required Contribution (ARC) and the percentage of the ARC that was actually contributed. For the Retirement System, the ARC is equal to the normal contribution rate multiplied by the covered payroll for the year or \$42,693,081 for 2007. This is the total ARC before any adjustment for minimum contribution rates or state contributions.

**Covered Members**

*Ages of Active Members*—The average age of the active members has remained unchanged. The average age of members included in the valuation was 40.2 for the current year and 40.2 in the prior year.

*Service of Active Members*—The average service of the active members has slightly decreased. The average service of members included in the valuation was 13.2 for the current year and 13.3 in the prior year.

*Participating Compensation and Members*—Total participating compensation increased from \$206,385,084 to \$213,039,324, a 3.2% increase. The number of active members increased from 3,816 in 2006 to 3,847 in 2007.

*Average Annual Compensation*—The average compensation of active members is more than the average compensation for the prior year. The average compensation was \$54,084 for 2006 and \$55,378 in 2007.

## Actuarial Valuation Results

This section of the report provides information concerning the valuation of Retirement System assets and liabilities. The following is a brief description of the exhibits and of how the information is organized.

***Retirement System Assets***—Retirement System assets are amounts that have accumulated and will be used to meet future benefit obligations. In the Retirement System Assets exhibit, trust fund transactions reported by the system are traced from the prior valuation date to the current valuation date. In addition, the actuarial value of assets is developed based on the prescribed method.

***Retirement System Liabilities and Contributions***—The recommended annual contribution is defined by the rate of contribution and covered payroll. The rate of contribution is determined by dividing the present value of unfunded future benefits by the present value of future payroll of all members. The Retirement System's contribution rate by statute may not be less than 17% of covered payroll. GASB Statement No. 25 defines a term, the Annual Required Contribution which is equal to the Cities contribution rate (prior to adjustment for minimum contribution rates or state contributions) multiplied by the covered payroll for the fiscal year.

***Present Value of Accrued Benefits***—Another objective of preparing the actuarial valuation is to evaluate the funding status of the Retirement System. A comparison of the market value of assets with the present value of accrued benefits is displayed for the current and prior year.



**Actuarial Valuation Results**

**Retirement System Assets – Market Value**

**Year Ending June 30, 2007**

		<u><b>Market Value</b></u>
<b>Assets at June 30, 2006</b>		\$1,658,428,273
<b>Receipts</b>		
Member Contributions	\$ 19,146,427	
Cities Contributions	57,019,034	
State Contributions	2,745,784	
Investment Income	326,175,655	
Securities Lending Expenses	(4,093,662)	
Investment Management Expenses	(10,657,845)	
Other Income	<u>7,713</u>	
<b>Total Receipts</b>		\$ 390,343,106
<b>Disbursements</b>		
Pensions Paid to Members	\$ (92,519,242)	
Termination Withdrawals	(1,114,643)	
Administrative Expenses	(1,367,652)	
Disability Expenses	(101,435)	
Other Expenses	<u>(54,973)</u>	
<b>Total Disbursements</b>		\$ (95,157,945)
<b>Assets at June 30, 2007</b>		\$1,953,613,434

## Actuarial Valuation Results

### Retirement System Assets – Actuarial Value

Year Ending June 30, 2007

1. Actuarial Value of Assets at July 1, 2006	\$1,528,572,608
2. Contributions for 2006 Plan Year (Members, Cities and State)	78,911,245
3. Benefit distributions and refunds for 2006 plan year	(93,633,885)
4. Noninvestment Expenses	
a. Administrative Expenses	(1,367,652)
b. Disability Expenses	(101,435)
c. Other Expenses	<u>(54,973)</u>
d. Total	(1,524,060)
5. Expected return on Market Value of Assets for year at 7.5%	123,783,883
6. Asset gains/(losses) for prior four plan years	
a. 2006	187,647,978
b. 2005	90,260,614
c. 2004	62,449,445
d. 2003	<u>123,741,929</u>
e. Total	464,099,966
7. Asset gains/(losses) to be recognized, 25% x 6e.	116,024,992
8. Actuarial Value of Assets at July 1, 2007 = (1) + (2) + (3) + (4d) + (5) + (7)	\$1,752,134,783

## Actuarial Valuation Results

### Retirement System Liabilities and Contributions

Present Value of Unfunded Future Benefits	As of July 1	
	<u>2006</u>	<u>2007</u>
1. Actuarial Present Value of all Future Benefits		
a. Active members		
Service retirements/DROP	\$ 788,390,684	\$ 933,535,594
Ordinary disability	91,933,308	64,700,782
Accidental disability	246,030,676	172,914,868
Ordinary death	28,073,947	23,565,651
Accidental death	30,609,793	22,688,991
Withdrawal	<u>24,535,979</u>	<u>25,479,427</u>
Total Active	1,209,574,387	1,242,885,313
b. Inactive members		
Members receiving benefits	1,054,402,106	1,127,069,804
Deferred vested terminations	27,946,999	29,533,268
Refund of member contributions due	<u>145,938</u>	<u>157,929</u>
Total Inactive	1,082,495,043	1,156,761,001
c. Total Present Value of Future Benefits	2,292,069,430	2,399,646,314
2. Actuarial Value of Plan Assets	1,528,572,608	1,752,134,783
3. Actuarial Present Value of Future Member Contributions	197,411,942	205,984,237
4. Present Value of Unfunded Future Benefits (1) – (2) – (3)	566,084,880	441,527,294
<b>Determination of Preliminary Total Contribution</b>		
5. Present value of future payroll of all covered members	2,111,357,666	2,203,039,969
6. Total (Cities <b>plus</b> State) normal contribution (4) ÷ (5)	26.81%	20.04%
7. Covered payroll	206,385,084	213,039,324
8. Preliminary total contribution from Cities and State (6) x (7)	55,331,841	42,693,081

## Actuarial Valuation Results

### Retirement System Liabilities and Contributions

Determination of Cities' Contribution	As of July 1	
	<u>2006</u>	<u>2007</u>
9. Estimated State Contribution	\$ 2,745,784	\$ 2,745,784
10. Estimated State Contribution as a percent of payroll (9) ÷ (7)	1.33%	1.29%
11. Preliminary Cities' Contribution (8) – (9)	52,586,057	39,947,297
12. Cities' contribution as a percent of payroll (11) ÷ (7)	25.48%	18.75%
13. Minimum required contribution rate for Cities	17.00%	17.00%
14. Cities' contribution (Greater of 12 or 13) x (7)	\$52,586,919	\$39,944,873

## Actuarial Valuation Results

### Actuarial Present Value of Accrued Benefits

	As of July 1	
	<u>2006</u>	<u>2007</u>
1. Present value of vested accrued benefits		
a. Present value of vested accrued benefits for active members	\$ 600,186,185	\$ 638,713,532
b. Present value of benefits for terminated members	28,092,937	29,691,197
c. Present value of benefits being paid to retirees and beneficiaries	1,054,402,106	1,127,069,804
Total	\$1,682,681,228	\$1,795,474,533
2. Present value of accrued nonvested benefits	34,880,791	30,428,450
3. Present value of all accrued benefits (1) + (2)	\$1,717,562,019	\$1,825,902,983
4. Market value of assets	\$1,658,428,273	\$1,953,613,434
5. Ratio of market value of assets to the present value of all accrued benefits (4) ÷ (3)	97%	107%
6. Ratio of market value of assets to the present value of vested accrued benefits (4) ÷ (1)	99%	109%

## Actuarial Valuation Results

### Change in Actuarial Present Value of Accrued Benefits

The change in actuarial present value of accrued benefits due to various factors including benefits accumulated, the passage of time, benefits paid, changes in assumptions and changes in System provisions is displayed below.

Actuarial present value of accrued benefits on July 1, 2006	\$1,717,562,019
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Change in present value of accrued benefits from July 1, 2006 to July 1, 2007 due to:

• Additional benefits accumulated	\$ 55,748,556
• Interest due to passage of time	125,369,358
• Benefits paid	(93,633,885)
• Change in assumptions	11,028,903
• Changes in System provisions	<u>9,828,032</u>

Actuarial present value of accrued benefits on July 1, 2007	\$1,825,902,983
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## System Experience

During the plan year July 1, 2006 to June 30, 2007, actual experience differed from that expected by the actuarial assumptions, as summarized below.

Decrement Type	Expected	Actual
<b>Actives</b>		
Service Retirement	81	72
Accidental Disability	34	35
Ordinary Disability	15	8
Accidental Death	6	1
Ordinary Death	7	3
Withdrawal	76	79
<b>Inactives</b>		
Beneficiary Death	42	47
Disabled Death	37	26
Retirement Death	53	48
Vested Termination Death	1	0

## Summary of Actuarial Assumptions

**Interest Rate** 7.5%

**Salary Increase Rates** Rates varying based on age. Annual rates at sample ages are displayed below:

Age	Rate
20	12.59%
25	8.67%
30	5.95%
35 or Over	4.50%

### **Mortality Rates**

Pre-retirement Mortality

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.06%
25	0.07
30	0.08
35	0.12
40	0.16
45	0.20
50	0.29
55	0.38
60	0.56
65	0.75

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.07
30	0.06
35	0.06
40	0.06
45	0.09
50	0.24
55	0.47
60	0.75
65	1.38



## Summary of Actuarial Assumptions (continued)

### Post-retirement Mortality

- Ordinary

A weighting equal to 4/12 of the 1971 Group Annuity Mortality Table, Male and Female and 8/12 of the 1994 Group Annuity Mortality Table, Male and Female.

- Disabled

A weighting equal to 4/12 of the 1971 Group Annuity Mortality Table – Male, set forward six years and 8/12 of the 1994 Group Annuity Mortality Table – Male, set forward six years.

### Disability Rates

- Ordinary

Rates varying by age – Sample rates:

Age	Rate
20	0.12%
25	0.12
30	0.12
35	0.15
40	0.24
45	0.37
50	0.59
55	1.09
60	2.08
65	3.39

- Accidental

Rates varying by age – Sample rates:

Age	Rate
20	0.11%
25	0.11
30	0.11
35	0.11
40	0.30
45	0.68
50	1.31
55	2.97
60	6.19
65	7.09

## Summary of Actuarial Assumptions (continued)

### Turnover Rates

Rates varying by age – Sample rates:

Age	Rate
20	7.11%
25	5.81
30	4.51
35	2.71
40	1.08
45	0.20
50	0.20
55	0.00
60	0.00
65	0.00

### Retirement Age

Rates varying by age for those not eligible for DROP – Sample rates:

Age	Rate
55-56	35%
57-60	25
61	30
62	35
63	40
64	45
65	100%

### DROP

- Participation All members initially eligible for DROP at age 62 or younger elect to participate. No member initially eligible for DROP after age 62 would elect to participate.
- Period of Participation 3 years
- Investment Return on Accounts 1.0%
- Benefit Distribution Lump Sum
- Retirement Age All members initially eligible for DROP at age 62 or younger enter DROP when first eligible. No change in retirement age for members who initially become eligible for DROP after age 62.
- Voluntary Premature Withdrawal 5% per year while participating in DROP.

## Summary of Actuarial Assumptions (continued)

<b>Administrative Expenses</b>	None assumed.
<b>Percentage Married</b>	85%
<b>Spouses' Age</b>	Wives are three years younger than husbands.
<b>Number of Children</b>	2.5 per couple.
<b>Participating Payroll</b>	Actual annualized earnable compensation reported for prior plan year increased to the current plan year based on the System's assumed salary increase rate.

## **Summary of Actuarial Methods**

### **Actuarial Cost Method**

The Aggregate Actuarial Cost Method was used to determine recommended contributions. Using this method, the present value of projected benefits to be funded by future contributions is determined by subtracting the actuarial value of plan assets and the actuarial present value of future member contributions from the actuarial present value of projected benefits. This result, the present value of unfunded future benefits, is divided by the present value of future salaries of active members included in the valuation to determine a normal cost accrual rate. The normal cost accrual rate is multiplied by the total of current annual salaries of members in the valuation to determine the recommended contribution.

Using the Aggregate Method, gains and losses that arise due to actual experience are not directly determined and recognized each year. Gains and losses are included in the present value of unfunded future benefits and affect the normal cost accrual rate. As a result, gains and losses are spread over the remaining period to retirement of members in the valuation and are recognized as a portion of future annual contributions.

### **Actuarial Asset Valuation Method**

The preliminary actuarial value is equal to the prior year's actuarial value (starting with the market value as of July 1, 1992) adjusted for contributions, disbursements and expected return on investments. The preliminary value is then increased by 25% of any investment gains or (losses) during the four prior plan years.

## Summary of System Provisions

The System was established, effective January 1, 1992, by Chapter 411 of the Code of Iowa by combining each city's fire retirement system and police retirement system into a single statewide retirement system for fire fighters and police officers. Plan amendments through July 1, 2007 are reflected in this summary.

### **Participation**

Each person who becomes a permanent full-time police officer or fire fighter in a participating city.

### **Membership Service**

From date of employment to date of separation from employment.

### **Earnable Compensation**

The annual compensation which a member receives for services rendered as a police officer or fire fighter in the course of employment with a participating City, except for amounts received for overtime, meal or travel expenses, uniform allowances, fringe benefits, severance pay, mandatory deferred compensation, and accumulated sick leave or vacation pay.

### **Contributions**

#### **Members**

The following percentages of Earnable Compensation:

<b>Effective Date</b>	<b>Percentage</b>
October 16, 1992	6.10%
July 1, 1993	7.10
July 1, 1994	8.10
January 1, 1995	8.35
July 1, 1995	9.35

#### **Cities**

The amount actuarially determined necessary to fund the benefits in accordance with accepted actuarial principles but not less than 17% of the Earnable Compensation of the active members.

#### **State**

The annual appropriation from the State of Iowa to fund benefits is about \$2,745,784 a year.

## **Summary of System Provisions (continued)**

### **Average Final Compensation**

The average Earnable Compensation of the member during the three years of service the member earned their highest salary as a police officer or fire fighter.

### **Service Retirement Benefit**

#### **Eligibility**

After age 55 and completion of 22 years of service.

#### **Benefit**

Monthly annuity equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years). The maximum benefit is 82.0% of Average Final Compensation.

### **DROP Benefit**

#### **Eligibility**

After age 55 and completion of 22 years of service.

#### **Participation Date**

First day of the month following the month in which a member applies for participation.

#### **Participation Period**

A three, four or five year participation period except during the 24 months immediately following April 1, 2007, members between ages 62 and 64 with at least 22 years of service may enroll for a one or two year participation period.

#### **Chapter 411 Benefit**

Monthly benefit determined based on the period of service and Average Final Compensation through the quarter of membership service immediately preceding the DROP participation date elected.

#### **DROP Account**

An account established for each member enrolled which will have a portion of the Chapter 411 Benefit credited to it for the duration of the selected participation period. The portion shall be equal to the sum of:

- (a) A "minimum percentage" of 52% multiplied by the Chapter 411 Benefit, plus
- (b) An "adjustment percentage" of 2% for each month up to 24 months between the date the member elects to participate in DROP and the date the member was initially eligible to participate, multiplied by the Chapter 411 Benefit.

## **Summary of System Provisions (continued)**

### **DROP Benefit (continued)**

#### **Member Contributions**

Member's contributions will be contributed to the general System assets during the member's participation period.

#### **City Contributions**

Cities' contributions equal to the normal contribution rate determined annually but never less than 17% of Earnable Compensation will be contributed to the general System assets during the member's participation period.

#### **Investment Return**

Earnings and capital gains or losses on the investments shall be credited to the general System assets and not to the individual member DROP Accounts.

#### **Benefit Escalation**

The applicable escalator provisions apply from the member's actual date of retirement at the end of the DROP participation period. No escalation will occur during the DROP participation period.

#### **Benefit Distributions**

At the actual date of retirement, the member's DROP Account will be payable, upon application by the member, in the form of a lump sum distribution or rollover to an eligible plan. The regular Chapter 411 Benefit will commence on the member's actual date of retirement.

#### **Premature Withdrawal and Accrual of Benefit**

An amount equal to 75% of the member's DROP benefit shall accrue to the benefit of the member for each month of DROP participation. An amount equal to 25% of the member's accumulated DROP benefit shall accrue to the benefit of the member upon either: (1) completion of the selected participation period, or (2) termination of participation due to becoming eligible for a disability benefit, or (3) death prior to completion of the selected participation period.

### **Termination Benefit**

#### **Eligibility**

At least 4 years of service upon termination of membership before age 55, or at least 4, but less than 22 years of service upon termination of membership after age 55.

## **Summary of System Provisions (continued)**

### **Termination Benefit (continued)**

<b>Benefit</b>	<p>Monthly annuity payable at age 55 or current age, if later, equal to 66.0% of Average Final Compensation plus 2.0% of Average Final Compensation for each year of service in excess of 22 years (up to 8 additional years), if any, times a ratio equal to service at termination divided by 22 (ratio not to exceed 1.0).</p> <p>Effective July 1, 1990, members who terminate service, other than by death or disability, can elect to withdraw their accumulated contributions with interest in lieu of any benefits to which the member may be entitled to from the System.</p>
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### **Ordinary Disability Benefit**

<b>Eligibility</b>	A member in good standing at any age and any length of service.
<b>Benefit</b>	<p>Monthly annuity payable upon disability equal to either (a) or (b) below, but no less than (c):</p> <ul style="list-style-type: none"><li>(a) If service at disability is greater than or equal to 5, 50% of Average Final Compensation; or</li><li>(b) If service at disability is less than 5 years, 25% of Average Final Compensation;</li><li>(c) The benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.</li></ul>

### **Accidental Disability Benefit**

<b>Eligibility</b>	A member in good standing at any age and any length of service.
<b>Benefit</b>	A monthly annuity equal to 60% of Average Final Compensation but no less than the benefit determined using the Service Retirement formula based on service and Average Final Compensation at the date of disability.



## Summary of System Provisions (continued)

### Ordinary Death Benefit

#### Eligibility

For members in service: any age and any length of service.

For member not in service: 4 years of service.

#### Benefit

Upon death of the member, either (a) or (b) below:

- (a) A lump sum equal to 50% of Earnable Compensation during the last year of employment; or
- (b) A monthly annuity equal to 40% of average final compensation but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary. For a member not in service, the monthly annuity is payable on the date the member would have reached age 55, except if there is a dependent child, it is paid immediately upon death of the member.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary. This benefit is payable until the child reaches age 18 or 22 (if a full-time student) or payable for life if the child is disabled.

### Accidental Death Benefit

#### Eligibility

Death from causes sustained in the line of duty.

#### Benefit

A monthly annuity equal to 50% of Average Final Compensation payable to surviving spouse, dependent child or dependent parents. In addition, a lump sum of \$100,000 is payable to the surviving spouse, dependent child or dependent parents if death is due to a traumatic personal injury incurred in the line of duty.

For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.

## Summary of System Provisions (continued)

### Death After Retirement

<b>Eligibility</b>	Death of member while receiving a service (basic benefit only), ordinary, accidental or vested (basis benefit only) retirement.
<b>Benefit</b>	<p>To surviving spouse, 50% of the gross monthly benefit of the retired member but not less than 20% of the average Earnable Compensation of an active member of the System, as reported by the actuary.</p> <p>For each dependent child, an additional benefit equal to 6% of the average Earnable Compensation of an active member of the System, as reported by the actuary.</p>

### Annual Escalator Benefit

<b>Eligibility</b>	All retired members, except for vested retirements, and for beneficiaries, except for beneficiaries of vested retirements.
<b>Benefit</b>	<p>The monthly pension benefit is increased each July 1 by the sum of (a) plus (b) below:</p> <p>(a) The previous monthly benefit multiplied by 1.5%, and</p> <p>(b) An additional dollar amount from the table below based on the number of years the member has been retired.</p>

Amount	Years of Retirement
\$15	Less than 5
20	5-9
25	10-14
30	15-19
35	20 or More

### Normal Form of Benefit

<b>Married</b>	Joint and 50% Survivor Annuity.
<b>Single</b>	Life Only Annuity.

## Summary of System Members

	<u>July 1</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Active Members</b>			
Number	3,786	3,816	3,847
Average Attained Age	40.2	40.2	40.2
Average Past Service	13.3	13.3	13.2
Total Annual Compensation	\$196,143,062	\$206,385,084	\$213,039,324
Average Annual Compensation	51,807	54,084	55,378
<b>Non-Active Members in Pay Status</b>			
Number	3,461	3,531	3,600
Average Age (excluding children)	67.6	67.7	67.8
Total Annual Benefits	\$ 84,850,440	\$ 90,485,508	\$ 96,787,260
Average Annual Benefit	24,516	25,626	26,885
<b>Non-Active Members with Deferred Benefits</b>			
Number*	276	286	293
Average Age	45.3	44.7	44.3
Total Annual Benefits	\$ 3,913,560	\$ 4,110,600	\$ 4,325,868
Average Annual Benefit	14,180	14,373	14,764

\* Excludes 48, 38 and 24 terminated nonvested members who have not yet received a refund of contributions for 2005, 2006 and 2007 respectively.

## Summary of System Members

### Reconciliation of Participant Counts

	Active	Terminated Vested	In Pay Status			Total
			Beneficiaries	Disabled	Retirees	
Number as of July 1, 2006	3,816	286	925	1,052	1,554	7,633
Change due to:						
New hires and rehires	245	(1)	0	(1)	0	243
Terminations	(54)*	38	0	0	0	(16)
Retirement	(72)	(22)	0	0	94	0
Disability	(43)	0	0	43	0	0
Death without Beneficiary	0	0	(47)	(9)	(14)	(70)
Death with Beneficiary	(4)	0	62	(17)	(34)	7
Refund Paid Out	(41)**	(7)	0	0	0	(48)
Benefit Aged Out	0	0	(8)	0	0	(8)
Other	0	(1)	0	0	0	(1)
Number as of July 1, 2007	3,847***	293	932	1,068	1,600	7,740

\* Eight of the Terminations are from new hires during the period July 1, 2006 to June 30, 2007.

\*\* Eight of the Refunds Paid Out are from new hires during the period July 1, 2006 to June 30, 2007.

\*\*\* Fifty-seven of the Actives have elected to participate in DROP as of July 1, 2007.

## Summary of System Members

### Active Members—As of July 1, 2007

Age	Years of Service								Total	Average Annual Salary
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+		
Under 25	142	0	0	0	0	0	0	0	142	\$41,185
25-29	377	119	0	0	0	0	0	0	496	\$46,996
30-34	218	310	68	1	0	0	0	0	597	\$50,650
35-39	124	255	315	80	0	0	0	0	774	\$53,843
40-44	45	84	164	236	65	1	0	0	595	\$56,567
45-49	12	44	75	128	144	97	5	0	505	\$61,080
50-54	3	9	19	56	101	219	109	3	519	\$63,956
55-59	1	1	9	17	25	39	68	16	176	\$64,468
60+	0	1	1	4	1	3	8	25	43	\$68,052
Total	922	823	651	522	336	359	190	44	3,847	
Average Annual Salary	\$45,295	\$52,483	\$56,249	\$58,558	\$62,377	\$66,481	\$67,449	\$74,054		\$55,378

## Summary of System Members

### Inactive Members—As of July 1, 2007

#### Service Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	232	\$11,036,160	\$47,570
60 – 64	303	13,130,508	43,335
65 – 69	277	9,940,440	35,886
70 – 74	202	5,950,008	29,455
75 – 79	157	4,127,052	26,287
80 – 84	129	3,154,740	24,455
Over 84	<u>90</u>	<u>1,866,048</u>	<u>20,734</u>
Total	1,390	\$49,204,956	\$35,399

#### Vested Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
55 – 59	79	\$1,247,508	\$15,791
60 – 64	50	786,384	15,728
65 – 69	28	359,952	12,855
70 – 74	34	329,580	9,694
75 – 79	9	45,576	5,064
80 – 84	10	46,404	4,640
Over 84	<u>0</u>	<u>0</u>	<u>0</u>
Total	210	\$2,815,404	\$13,407

## Summary of System Members

### Inactive Members—As of July 1, 2007

#### Accidental Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	15	\$ 400,812	\$26,721
40 – 44	19	519,252	27,329
45 – 49	52	1,538,712	29,591
50 – 54	106	3,331,164	31,426
55 – 59	165	5,578,980	33,812
60 – 64	188	6,029,760	32,073
65 – 69	142	4,236,312	29,833
70 – 74	97	2,739,900	28,246
75 – 79	53	1,431,768	27,014
80 – 84	33	847,236	25,674
Over 84	<u>16</u>	<u>368,484</u>	<u>23,030</u>
Total	886	\$27,022,380	\$30,499

#### Ordinary Disability Retirements

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	6	\$ 114,744	\$19,124
40 – 44	12	263,184	21,932
45 – 49	12	272,592	22,716
50 – 54	29	834,852	28,788
55 – 59	33	917,700	27,809
60 – 64	31	896,448	28,918
65 – 69	25	617,448	24,698
70 – 74	16	331,140	20,696
75 – 79	7	122,160	17,451
80 – 84	7	140,160	20,023
Over 84	<u>4</u>	<u>70,308</u>	<u>17,577</u>
Total	182	\$4,580,736	\$25,169

## Summary of System Members

### Inactive Members—As of July 1, 2007

#### Beneficiaries (Spouse)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	7	\$ 135,732	\$19,390
40 – 44	9	153,468	17,052
45 – 49	14	238,332	17,024
50 – 54	29	509,412	17,566
55 – 59	47	861,120	18,322
60 – 64	62	1,042,080	16,808
65 – 69	108	1,694,940	15,694
70 – 74	103	1,534,920	14,902
75 – 79	159	2,224,764	13,992
80 – 84	133	1,755,756	13,201
Over 84	<u>202</u>	<u>2,761,524</u>	<u>13,671</u>
Total	873	\$12,912,048	\$14,790

#### Beneficiaries (Children)

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 3	0	\$ 0	\$ 0
3 – 5	1	3,636	3,636
6 – 8	5	19,488	3,898
9 – 11	6	23,184	3,864
12 – 14	6	21,408	3,568
15 – 17	10	40,656	4,066
18 – 20	16	70,932	4,433
Over 20	<u>15</u>	<u>72,432</u>	<u>4,829</u>
Total	59	\$251,736	\$4,267



## Summary of System Members

### Inactive Members—As of July 1, 2007

#### Terminated Vested

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	79	\$ 656,412	\$ 8,309
40 – 44	49	619,176	12,636
45 – 49	74	1,368,072	18,487
50 – 54	91	1,682,208	18,486
Over 54	<u>0</u>	<u>0</u>	<u>0</u>
Total	293	\$4,325,868	\$14,764